

CROSSROADS FUND, INC.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE TOTALS FOR 2002**

CROSSROADS FUND, INC.

CONTENTS

Independent Auditor's Report 1

Financial Statements

Statement of Financial Position 2
Statement of Activities and Changes in Net Assets 3
Statement of Functional Expenses 4
Statement of Cash Flows 5
Notes to Financial Statements 6 - 8

RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Board of Directors
Crossroads Fund, Inc.

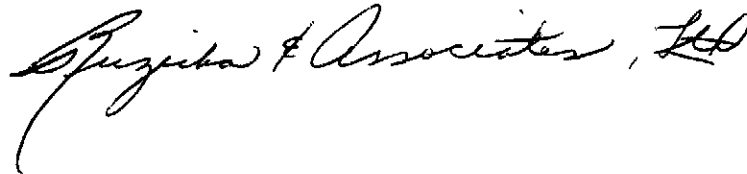
Independent Auditor's Report

We have audited the accompanying statements of financial position of Crossroads Fund, Inc. at June 30, 2003, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads Fund, Inc. at June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

September 4, 2003

A handwritten signature in cursive script that reads "Ruzicka & Associates, Ltd." The signature is written in dark ink and is positioned to the right of the date.

CROSSROADS FUND, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2003 WITH COMPARATIVE TOTALS FOR JUNE 30, 2002

	2003					2002 Comparative Totals	
	General	Unrestricted Fixed Assets	Total	Temporarily Restricted	Permanently Restricted		Total
ASSETS							
Current assets:							
Cash	\$ 82,379		82,379	34,793	10,000	127,172	\$ 346
Investments	1,009		1,009	18,745		19,754	147,212
Receivables	31,585		31,585	36,200		67,785	29,200
Prepaid expenses	4,856		4,856			4,856	3,581
Deposit	581		581			581	581
Total current assets	120,410		120,410	89,738	10,000	220,148	180,920
Office equipment, net of accumulated depreciation of \$42,052 and \$41,007 in 2002 and 2001 respectively		2,764	2,764			2,764	2,809
Total assets	\$ 120,410	2,764	123,174	89,738	10,000	222,912	\$ 183,729
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 245		245			245	\$ 646
Grants payable							2,293
Total current liabilities	245		245			245	2,939
Net assets:	120,165	2,764	122,929	89,738	10,000	222,667	180,790
Total liabilities and net assets	\$ 120,410	2,764	123,174	89,738	10,000	222,912	\$ 183,729

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

**STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2003 WITH COMPARATIVE TOTALS FOR 2002

	2003					2002	
	General	Unrestricted Fixed Assets	Total	Temporarily Restricted	Permanently Restricted	Total	Comparative Totals
Support and revenue -							
Contributions							
Funding Exchange endowment share	\$ 56,456		56,456			56,456	\$ 57,468
Foundation grants	70,500	1000	71,500			71,500	140,600
Individuals	235,433		235,433	57,149		292,582	204,145
Net assets released from restriction	84,598		84,598	(84,598)			
Investment income	1,534		1,534	441		1,975	3,602
Special events							
Proceeds	76,572		76,572			76,572	67,964
Expenses	(15,060)		(15,060)			(15,060)	(12,849)
Other	7,360		7,360			7,360	2,590
Total support and revenue	517,393	1,000	518,393	(27,008)		491,385	463,520
Expenses -							
Program services	324,390	610	325,000			325,000	353,915
Support services	124,073	435	124,508			124,508	131,012
Total expenses	448,463	1,045	449,508			449,508	484,927
Change in net assets	68,930	(45)	68,885	(27,008)		41,877	(21,407)
Net assets, beginning of year	51,235	2,809	54,044	116,746	10,000	180,790	202,197
Net assets, end of year	\$ 120,165	2,764	122,929	89,738	10,000	222,667	\$ 180,790

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2003 WITH COMPARATIVE TOTALS FOR 2002

	2003				Total Expenses	2002 Comparative Totals
	Program Services	Admini- strative	Fund Raising	Total		
Grants	\$ 140,769				140,769	\$ 187,653
Wages	112,386	35,410	44,864	80,274	192,660	165,984
Payroll taxes	8,750	2,761	3,497	6,258	15,008	12,927
Employee benefits	10,438	3,294	4,172	7,466	17,904	23,857
Occupancy	10,838	3,421	4,331	7,752	18,590	18,119
Postage and printing	10,388	3,279	4,152	7,431	17,819	15,486
Publicity and program expenses	5,432				5,432	7,132
Office supplies	971	306	388	694	1,665	1,232
Equipment and maintenance	2,358	744	942	1,686	4,044	6,575
Travel and meetings	1,105	349	442	791	1,896	2,820
Professional fees	2,920	1,455	4,435	5,890	8,810	26,189
Dues and subscriptions	9,883				9,883	8,753
Telephone	2,141	676	856	1,532	3,673	2,847
Insurance	1,185	374	473	847	2,032	1,743
Depreciation	610	192	243	435	1,045	1,145
Staff recruiting and development						475
Other	4,826	1,523	1,929	3,452	8,278	1,990
Total	\$ 325,000	53,784	70,724	124,508	449,508	\$ 484,927

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2003 WITH COMPARATIVE TOTALS FOR 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Change in net assets	\$ 41,877	\$ (21,407)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,045	1,145
(Increase) decrease in program and other receivables	(38,585)	38,188
(Increase) in prepaid expenses	(1,275)	(1,965)
(Decrease) increase in accounts payable and accrued expenses	(401)	602
(Decrease) in grants payable	(2,293)	(84,707)
Net cash provided (used) by operating activities	<u>368</u>	<u>(68,144)</u>
Cash flows from investing activities:		
Decrease in investments	127,458	65,975
Purchase of fixed assets	(1,000)	
Net cash provided by investing activities	<u>126,458</u>	<u>65,975</u>
Net increase (decrease) in cash	126,826	(2,169)
Cash at beginning of year	<u>346</u>	<u>2,515</u>
Cash at end of year	<u>\$ 127,172</u>	<u>\$ 346</u>

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

1. Summary of significant accounting policies:

The accompanying financial statements are presented in accordance with the Statement of Accounting Standards No. 117 "Financial Statements of Not-For-Profit Organizations".

Office equipment

These assets are carried at cost or at estimated value on date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (five to eight years).

Revenue and expense recognition

Revenue and expenses are recorded on the accrual basis of accounting. All contributions are considered to be available for unrestricted use unless otherwise specifically restricted by donors. Contributions are recorded and recognized as income when notice of award is received. Restricted contributions are recorded as revenue in temporarily restricted net assets if limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of Crossroads Fund or in permanently restricted net assets if such contributions are non-expendable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Crossroads Fund receives donations of services from various volunteers. No amounts are reflected in the accounts for donated services, as no clearly measurable basis is available to measure such services.

Investments in marketable securities are carried at market value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. **Net assets:**

Crossroads Fund classifies its net assets into three categories:

Unrestricted net assets include all of the unrestricted support and revenue of Crossroads Fund, all of the expenses of Crossroads Fund, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors.

Temporarily restricted net assets include all the restricted support and revenue of Crossroads Fund. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

Permanently restricted net assets include funds received from donors with the stipulation that Crossroads Fund permanently retain them in perpetuity and that only the income and/or use of the assets are available to Crossroads Fund.

3. **Income taxes:**

Crossroads Fund is exempt from federal taxes under section 501(c)(3) of the Internal Revenue Code.

4. **Lease commitment:**

Effective September 1, 2002, Crossroads entered into a two-year lease extension through August 30, 2004. Future rental expenses are as follows:

2004	\$17,626
2005	2,952

5. **Investments:**

Investments are valued at market and consist of money market and savings accounts.

6. **Permanently restricted net assets:**

In December 1991, Crossroads received a \$10,000 donation earmarked for establishment of an endowment fund to help assure the perpetuity of Crossroads Fund programs.

7. **Retirement plan:**

Crossroads provides a SEP account for all vested employees. Employees become vested after one year of employment. Crossroads will contribute each year the board of directors decides what percentage of salary to the SEP accounts. The same percentage is applied for each participating employee. In 2003, the percentage contribution was 2 per cent. Retirement plan expense totaled \$3,560 in 2003.

8. **Temporarily restricted net assets:**

Temporarily restricted net assets are available for the following:

Donor advised grants	\$59,793
Women's Justice fund	<u>29,945</u>
Total	<u>\$89,738</u>

Temporarily restricted net assets were released from restrictions as follows:

Restricted funds released	\$64,410
Donor advised grants made	<u>20,188</u>
Total	<u>\$84,598</u>

9. **Comparative financial information:**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Crossroads Fund's financial statements for the year ended June 30, 2002, from which the summarized information was derived.